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S E C R E T SECTION 01 OF 07 KUWAIT 000407

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SUBJECT: KUWAIT: 2005/2006 REPORT TO CONGRESS ON ALLIED
CONTRIBUTIONS TO THE COMMON DEFENSE

REF: 05 STATE 223383

Classified By: Ambassador Richard LeBaron for reasons 1.4 (a), (b), (d)
, and (e)

¶1. (U) Note on classification: Kuwait's extensive support
for U.S. and Coalition troops in the country is sensitive
both domestically and in the region. While all of the
figures in the unclassified and the sensitive but
unclassified sections of this report are from unclassified

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sources, the assembled data -- necessary to portray to
Congress the breadth of Kuwaiti support -- could be misused.
Addressees should conform strictly to classification
guidelines in the distribution of this information. End note.

¶2. (U) POC for questions regarding this report is Poloff
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GastaldoAF2@state.gov (unclassified), or
GastaldoAF@state.sgov.gov (classified).

TEXT OF REPORT

¶3. General Assessment:

¶A. IMPORTANT POLITICAL AND ECONOMIC DEVELOPMENTS AND CHANGES:

A.1. (S) Kuwait's strong commitment to shared U.S security
objectives remained firm during 2004 and 2005 although a
significant shift within the relationship took place. Kuwait
now views the mil-mil relationship with the U.S. as one where
they stand shoulder-to-shoulder with the U.S. rather than one
where they stand a step behind on decisions and planning.
This shift has not lessened the degree in which the GOK
supports the U.S. or the Global War on Terror (GWOT) but,
rather, asserts Kuwait's security needs and political status
within the region in the context of coordination and
cooperation with the U.S. Prior to the commencement of
Operation Enduring Freedom (OEF) and Iraqi Freedom (OIF),
Kuwait continued its policy of allowing U.S. and Coalition
troops unfettered access to its air, land, and sea
facilities. During the buildup to OIF and subsequent
military action, Kuwait's steadfast support of U.S. and
Coalition efforts was critical to Allied success. Kuwait

continues to believe that reliance on the U.S., and its continued presence in the region, is vital to Kuwaiti national security but it also has concerns on the diplomatic and political costs of being America's foremost ally in the Gulf region.

A.2. (C) The military detention of twelve Kuwaiti detainees in Guantanamo Bay remained a sore point for the GOK on the domestic front during the reporting period. Heavy public pressure from families rights' groups and some members of Parliament resulted in repeated inquiries into the possible release of the twelve. In 2005, six of the twelve were returned to Kuwait to stand trial (one was convicted; the other five remain detained while investigations continue), but pressure continues for them to be released. Press reports often publish articles on Guantanamo detainees which they contrast with statements outlining some of the support U.S. forces receive in country.

A.3. (C) The GOK continued to decline to participate in bilateral exercises during the reporting period. Although no reasons are given and budgetary concerns are no longer cited as a factor, there is a perception that the need for the exercises is reduced since the fall of Saddam's regime. Military training program participation has also declined; no factors within the bilateral relationship are cited.

A.4. (U) Kuwait is a participant in the GCC Mutual Defense Agreement. No planned expansion of the Peninsula Shield Force has been reported for Kuwait and no exercises have been held with GCC countries, on a group or individual basis, during the reporting period. Economic gains, seen through the increase in budget surplus, have resulted in a budgetary increase for all government ministries, including the Ministry of Defense. This has resulted in an increase in FMS

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cases for 2006 (noted in para B.6).

B. MAJOR DEVELOPMENTS IN DEFENSE POLICY:

B.1. (S) The rise of the insurgency and security issues within Iraq remain a significant concern for the GOK. Officials within the Ministries of Defense, Interior, and Foreign Affairs voice their concerns about the future offensive capabilities of the Iraqi forces, but are also wary of the public perception of the visible foreign troop force presence within Kuwait. The GOK is fully aware that its wide-ranging support of U.S. and Coalition troops has made OIF and, to a lesser degree, OEF possible and now asserts itself as a participant rather than an observer in future plans for U.S. basing in country. Kuwaiti officials view that support as sometimes costly in their dealings with other regional countries. Since the end of major combat operations in Iraq, GOK officials are looking for a stricter interpretation of the DCA and subsequent GOK support. Nevertheless, the GOK has no plans to end or diminish the support which is above and beyond the parameters of the Defense Cooperation Agreement (DCA) signed in 1991.

B.2. (S) Kuwait's support structure for the DCA and subsequent OIF/OEF logistics appears to be suffering from strain. KMOD officials have raised questions defining which requests are DCA and which requests are wartime contingency support requests. The payment for fuel for aircraft in support of OIF/OEF, which had been supplied free-of-charge from late 2002 until March 2005, is now a constant issue of concern and the mil-to-mil relationship is being handled more by accountants than by officers in uniform. Failure to sign a long-term contract with the USG has led to inter-ministerial arguments, a slowdown in fuel flow to Al-Mubarak and Ali Al-Salem airbases as well as the very real threat of a fuel cut-off.

B.3. (U) There have been no steps to transform military capabilities in order to leverage interoperability with U.S.

and other foreign military forces.

B.4. (U) Kuwait has steadily increased its humanitarian relief operations in 2004 and 2005. The GOK gave the Iraqi government USD 10 million to aid the victims of the March 2005 Bridge of Martyrs stampede in which almost 1,000 Iraqi Shias were killed. The GOK has committed USD 125 million in reconstruction grants to Iraq, and USD 440 million in soft loans. USD five million has already been distributed to the Najaf area. In January 2005 the GOK agreed to provide USD 100 million in direct aid for tsunami victims. In September 2005, the GOK pledged USD 500 million to assist victims of Hurricane Katrina, and in October 2005 the GOK pledged USD 100 million to Pakistan's earthquake ravaged areas. Additionally, the Humanitarian Operations Center (HOC) under the auspices of the GOK, has sent USD 10 million worth of aid in the form of food, medical supplies, school supplies, and office equipment into Iraq. That aid was from both NGO sources as well as direct GOK assistance. The GOK has also facilitated the transit of Iraqi medical patients from Iraq to the U.S. and other Coalition countries for the purpose of medical treatment. To this end, the GOK issued over two thousand visas to Iraqi citizens, a group that was formerly not allowed into the country due to earlier hostilities.

2004

B.5.1. (C) Joint Military Commission (JMC). A JMC was held in Washington, D.C. during March-April 2004. The JMC reviewed outstanding issues from the 1999 meeting and introduced new issues and initiatives, including enhanced Consequence Management capabilities / bilateral plans in Kuwait and discussion of size of force to be financially supported in Kuwait. Kuwait has offered to support / host a battalion-sized task force in country. This force is in addition to a brigade set of pre-positioned equipment to be stored in Kuwait.

B.5.2. (SBU) Kuwait Strategic Review (KSR). In 2003, Kuwait requested assistance in conducting a strategic review. In 2004, a team from the Defense Resource Management System

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(DRMS) began work with Kuwait Ministry of Defense and other representatives on the development of National Security and Defense Strategies.

B.6. (SBU) Foreign Military Sales (FMS).

a. (SBU) Foreign Military Sales. Payments received at DFAS-Denver for U.S. CY 2004: USD 509,360,000. In CY 2004 the GOK focused on sustaining its four major FMS programs (PATRIOT, ABRAMS M1A2, APACHE, and AEROSTAT).

b. (SBU) In 2004 Kuwait began construction on the Missile Assembly and Disassembly Facility (MADF).

c. (SBU) On 29 March 2004, the GOK implemented a Letter of Offer and Acceptance (LOA) valued at approximately USD 16 million for establishing a Joint Intelligence Center and enhancing its electronic warfare capabilities.

d. (SBU) On 14 April 2004, the GOK implemented an LOA valued at approximately USD 7.5 million for the purchase of 63 HMMWVs for its Communications Directorate (J6) to facilitate communications within Kuwait, s Ministry of Defense (KMOD).

e. (SBU) On 2 June 2004, the GOK implemented an LOA valued at approximately USD 20 million for the establishment of a general support maintenance depot to sustain its Army's wheeled and tactical vehicles.

f. (SBU) On 17 June 2004, the GOK implemented an LOA valued at USD 40 million for the purchase of materials and support services not covered by equipment support cases.

g. (SBU) On 27 August 2004, the GOK implemented an LOA valued at approximately USD 1.5 million to repair and refurbish the remainder of its HAWK missiles. The refurbishment was related to Kuwait's request, later approved by the USG, to transfer its HAWK missiles to the Kingdom of Bahrain.

B.7. (SBU) U.S. Military Footprint. Kuwait has allowed U.S. forces to use the following areas and facilities:

a. Camp Doha. The headquarters for the Combined Forces Land Component Command (CFLCC) relocated from Camp Doha to Camp Arifjan. However, Camp Doha remained an important transitional facility for logistics, maintenance, and rotating forces; Area Support Group-Kuwait (ASG-KU) remained on site throughout 2004. The Kuwait Ministry of Defense (KMOD) provides South Camp Doha for U.S. use at a cost of approximately USD 25 million annually. North Camp Doha is Kuwait Ports Authority (KPA) property and is provided to U.S. forces by KMOD free of charge.

b. Camp Arifjan. Constructed with GOK funds at a cost of over USD 140 million, the site is home to U.S. forces, including CFLCC/ARCENT headquarters.

c. Kuwait Navy Base (KNB). KNB provides a secure location for high-risk maritime download/uploads, such as ammunition. During 2004, a total of 129 ships transited KNB. Due to environmental concerns at Shuaiba Port, living areas previously located at Shuaiba Port were re-located to KNB beginning in 2004. U.S. forces received significant portions of land at KNB to develop a Life Support Area (LSA) for military port workers, U.S. coastal security forces, and Naval special mission units, as well as new vehicle washracks and deployment yards.

d. Shuaiba Port. This port provides access for deep-water shipping and is used by CFLCC to download and upload equipment and supplies for rotational forces. During 2004, a total of 267 ships transited Shuaiba Port.

e. Ahmed Al-Jaber (AAJ) Air Base. AAJ Air Base, was used extensively as a U.S. fighter base during OEF and OIF, now provides warm-base capability for U.S. Air Force elements. No active duty personnel remain at this location.

f. Ali Al-Salem (AAS) Air Base. AAS Air Base is a shared base, including Kuwaiti, United States, and Japanese

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aircraft. AAS continues to serve as a major intra-theater cargo hub for Coalition aircraft and hosts the 386th Air Expeditionary Wing (AEW). The GOK allowed Korean aircraft to base at AAS and join the Coalition air effort in 2004.

g. Abdullah Al-Mubarak (AAM) Air Base. The Strategic Aerial Port of Debarkation/Embarkation (APOD/E) is located at AAM Air Base, with all U.S. strategic/inter-theater air using this location.

h. Camp Buehring / Udairi Range. Located adjacent to Kuwait's main live-fire range areas, CFLCC continues to develop Camp Buehring as its primary, enduring camp for rotating forces.

2005

B.8. (U) Kuwait Strategic Review (KSR). During 2005, an OSD-led team continued work with Kuwait Ministry of Defense and other representatives on the development of National Security and Defense Strategies (NSDS). The joint effort produced the first-ever NSDS and resulting National Military Strategy for Kuwait. This review helped align future force structure and organization with a shared U.S.- Kuwaiti threat picture and is driving major equipment upgrade and purchase decisions that continue into CY2006.

B.9. (SBU) Foreign Military Sales (FMS). Payments received at DFAS-Denver for CY 2005: USD 355,731,232. As with CY2004, the GOK focused on sustaining its four major FMS programs (PATRIOT, ABRAMS M1A2, APACHE, and AEROSTAT). Kuwait is considering new major programs and major program enhancements for FY 2006. A new 10-year Special Budget is expected that will continue a slow modernization and expansion of Kuwait Armed Forces.

a. (U) In 2005, Kuwait's major U.S. defense programs were enhanced as follows:

i. (SBU) Patriot Missile: Kuwait signed two follow-on support cases for Patriot, including modernization kits, training, spare parts, test equipment, etc. valued at USD 175 million. Additionally, Kuwait signed three Letters of Offer and Acceptance (LOA) for maintenance, spare parts, and support of its F/A-18 fleet of aircraft valued at USD 201 million.

ii. (SBU) Kuwait Navy Ships: In 2005, Kuwait took steps toward a major expansion their Navy. Kuwait MOD has seven LOAs to purchase the following U.S. small boats and utility craft: 12 Fast Patrol Boats; 15 Intrusion Boats; 15 Protection Boats; one Hydrographic Survey Vessels; one Diving Support Vessel; one Landing Craft; two Tug Boats. Kuwait MoD is considering the USG offers and we expect all LOAs to be signed not later than 31 March 2006. Total value of pending Navy LOAs is more than USD 400 million.

iii. (SBU) On 5 September 2005, Kuwait signed a FMS case for the Office of Military Cooperation-Kuwait. Kuwait MOD funds approximately 90% of the operations and support for OMC-K via this FMS case, valued at USD 30 million over two years.

iv. (SBU) On 23 December 2005, GOK implemented an LOA valued at USD 23 million to equip and arm a Special Forces Battalion of its Commando Brigade; increasing the number of battalions to three.

v. (SBU) On 27 December 2005, GOK implemented an LOA valued at approximately USD 16.8 million to purchase additional TOW-2A and TOW-2B missiles for its anti-tank forces.

b. Potential FMS Cases:

i. (SBU) M1A2 Tank. Kuwait is considering a three-year extension of the current maintenance and logistics support to its M1A2 tanks, which would be valued at approximately USD 49 million. Additionally, Kuwait is considering refurbishing its M1A2 fleet of main battle tanks. If this effort is undertaken within Kuwait, it will cost approximately USD

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820.4 million. If the tanks need to be returned to the United States for depot overhaul, the cost will exceed USD 1.4 billion.

ii. (SBU) Intelligence Systems. Kuwait is considering a further extension of its intelligence capabilities, which would cost approximately USD 35 million.

iii. (SBU) Counter-Terrorism Battalion. Kuwait is considering arming and equipping an anti-terrorist battalion at a value of approximately USD 30 million.

iv. (SBU) Kuwait is considering the purchase of surface launched AMRAAM; the estimated program value is USD 333 million.

v. (SBU) Nuclear, Chemical, and Biological Reaction Force. Kuwait is considering the purchase of equipment and training for three Rapid Response Detachments for a Chemical, Nuclear and Biological Reaction Force (WMD); estimated program value is USD 100M.

vi. (SBU) Kuwait is considering buying two corvette-sized warships. Approximate value of USD 400-500 million (200-250 million each).

vii. Kuwait has also asked for a new LOA for USAF Training at a cost of about USD 16 million.

B.10. (SBU) U.S. Military Footprint. Kuwait has allowed U.S. forces to use the following areas and facilities:

a. Camp Doha. CFLCC continued to transition facilities from Camp Doha to Camp Arifjan and returned South Camp Doha to the GOK by 31 December 2005. North Camp Doha remains active with logistics functions continuing from the location.

b. Camp Arifjan. The site houses CFLCC headquarters, logistics, and repair facilities in support of OEF / OIF. Camp Arifjan will also house a heavy brigade set of pre-positioned equipment, currently being reestablished after use in Iraq.

c. Kuwait Navy Base (KNB). KNB provides a secure location for high-risk maritime download/uploads, such as ammunition. During 2005, a total of 367 ships transited KNB. KNB also houses the Life Support Area (LSA) for military port workers, US coastal security forces, and Naval special mission units.

d. Shuaiba Port. This port provides access for deep-water shipping and is used by CFLCC to download and upload equipment and supplies for rotational forces. During 2005, a total of 164 ships transited Shuaiba Port.

e. Ahmed Al-Jaber (AAJ) Air Base. AAJ Air Base, used extensively as a US fighter base during OEF and OIF, now provides warm-base capability for U.S. Air Force elements. No active duty personnel remain at this location.

f. Ali Al-Salem (AAS) Air Base. AAS Air Base is a shared base, including Kuwaiti, United States and Japanese aircraft. AAS continues to serve as a major intra-theater cargo hub for Coalition aircraft and hosts the 386th Air Expeditionary Wing (AEW). The GOK allowed Korean aircraft to base at AAS and join the Coalition air effort in 2004.

g. Abdullah Al-Mubarak (AAM) Air Base. The Strategic Aerial Port of Debarkation/Embarkation (APOD/E) is located at AAM Air Base, with all U.S. strategic/inter-theater air using this location.

h. Camp Buehring / Udairi Range. Located adjacent to Kuwait's main live-fire range areas, CFLCC continues to develop Camp Buehring as its primary, enduring camp for rotating forces.

C. BURDENSARING (COST SHARING)

C.1. (U) CASH ASSISTANCE - The GOK receives no cash assistance from the U.S.

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C.2. (SBU) IN-KIND CONTRIBUTIONS - The GOK provided USD 212 million per year for 2004 and 2005 burdensharing in-kind contributions.

C.3. (SBU) DIRECT ASSISTANCE-IN-KIND 2004 (IN USD)

a. Rents for privately owned land - 8,535,360

b. Labor - 554,772

c. Utilities - 10,436,095

d. Facilities - Figures not available separate from paragraph C2

e. Facilities improvement - Figures not available separate from paragraph C2

f. Relocation Construction - n/a - no cost associated with

this category

g. Vicinity Improvements - n/a no cost associated with this category

h. Miscellaneous - as follows:

- i. Food - 21,511,822
- ii. Water - 9,711,997
- iii. Ice - 2,118,989
- iv. Medical - 582,409
- v. Telecom - 234,800
- vi. Laundry - 6,474,620
- vii. Fuel - (DCA) 16,601,211
- viii. Vehicle Support - 544,944
- ix. Liquid Gas Petroleum - 24,017

C.4. (SBU) DIRECT ASSISTANCE-IN-KIND 2005 (IN USD)

a. Rents for privately owned land - 8,535,360

b. Labor - 554,772

c. Utilities - 9,475,984

d. Facilities - Figures not available separate from paragraph C2

e. Facilities improvement - Figures not available separate from paragraph C2

f. Relocation Construction - n/a - no cost associated with this category

g. Vicinity Improvements - GOK construction of military road to border - 120,000,000

h. Miscellaneous - as follows:

- i. Food - 16,366,652
- ii. Water - 6,808,405
- iii. Ice - 1,065,495
- iv. Medical - 17,773
- v. Telecom - 71,346
- vi. Laundry - 963,489
- vii. Fuel - (DCA) 14,747,697
- viii. Vehicle Support - 677,529
- ix. Liquid Gas Petroleum - 19,214

C.5. (SBU) INDIRECT ASSISTANCE-IN-KIND 2004 (IN USD)

a. Rents for government owned land - 1,220,000

b. Tax Concessions/Customs/Tolls/Duties - 43,700,000 (CUSTOMS/PORT FEES)

c. Miscellaneous - Free fuel priced at 2005 market prices:

- i. Abdullah Al Mubarak Air Base - 17 million Kuwaiti dinar (equivalent to USD 57,375,000)
- ii. Ali Al Salem Airbase - 169.6 million Kuwaiti dinar (equivalent to USD 572,062,500)
- iii. Fuel pump at Shuaiba port - figures not available. Pump used to fill convoy trucks uploading at port, en route to Iraq

C.6. (SBU) INDIRECT ASSISTANCE-IN-KIND 2005 (IN USD)

a. Rents for government owned land - 1,220,000

b. Tax Concessions/Customs/Tolls/Duties - 43,534,000 (CUSTOMS/PORT FEES)

c. Miscellaneous - Free fuel priced at 2005 market prices:

- i. Abdullah Al Mubarak Air Base - 14 million Kuwaiti dinar (equivalent to USD 47,250,000) (Note: Al Mubarak fuel was provided free-of-charge until September 30, 2005. End note.)
- ii. Ali Al Salem Airbase - 169.6 million Kuwaiti dinar (equivalent to USD 572,062,000)
- iii. Fuel pump at Shuaiba port - figures not available.

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Pump used to fill convoy trucks uploading at port, en route to Iraq

1D. (U) CONTINGENCY OPERATIONS: Kuwait fully supports Operation Iraqi Freedom and Operation Enduring Freedom. See para B.10 for further details.

1E. (U) HUMANITARIAN RELIEF OPERATIONS:

- a. Tsunami Relief Operations - 100 million pledged
- b. Pakistan Earthquake Relief Operations - USD 100 million pledged
- c. Hurricane Katrina Response - USD 500 pledged
- d. Iraq Assistance Program - 575 million in loans and grants pledged

1F. (U) KUWAIT'S GDP FOR 2004/2005

Kuwait's GDP figure for 2004 was estimated by the Economist Intelligence Unit at USD 55.7 billion. Figures for 2005 have not been finalized, due in part to the fluctuation in oil prices, but are expected to be between USD 56 and USD 72 billion. The GOK does not release annual figures. Sources used in this report are the Economist Intelligence Unit and the Business Monitor International.

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